



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-124]

Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances, in Part

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that certain vertical shaft engines between 99cc and up to 225cc, and parts thereof (small vertical engines), from the People's Republic of China (China) are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation is July 1, 2019, through December 31, 2019. The final dumping margins of sales at LTFV are listed below in the "Final Determination" section of this notice.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Benjamin A. Lubberda, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2185.

SUPPLEMENTARY INFORMATION:

Background

On October 21, 2020, Commerce published the *Preliminary Determination* of sales at LTFV of small vertical engines from China.¹ On November 9, 2020, Commerce published in the *Federal Register*, pursuant to 19 CFR 351.210(g), notice of postponement of the final

¹ See *Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value, and Preliminary Affirmative Determination of Critical Circumstances, in Part*, 85 FR 66932 (October 21, 2020) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

determination to March 5, 2021.² The petitioner in this investigation is Briggs & Stratton, LLC. The mandatory respondents in this investigation are Chongqing Kohler Engines Ltd. (Chongqing Kohler) and Chongqing Zongshen General Power Machine Co., Ltd.³

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by the parties for this final determination are discussed in the Issues and Decision Memorandum.⁴ The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are small vertical engines from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁶ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice* and we addressed these comments in the *Preliminary Determination*, preliminarily

² See *Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Postponement of the Final Determination of Sales at Less Than Fair Value Investigation*, 85 FR 71319 (November 9, 2020).

³ Consistent with our *Preliminary Determination*, we are treating Chongqing Zongshen General Power Machine Co., Ltd., and its affiliates Chongqing Dajiang Power Equipment Co., Ltd., and Chongqing Zongshen Power Machinery Co., Ltd., as a single entity (collectively, the Zongshen Companies).

⁴ See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Less-Than-Fair-Value Investigation of Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

⁵ See *Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ See *Certain Vertical Shaft Engines between 99cc and up to 225cc, and Parts Thereof from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 FR 20670 (April 14, 2020) (*Initiation Notice*).

modifying the scope of this and the companion countervailing duty (CVD) investigation to exclude commercial engines.⁷ We established a period of time for parties to address scope issues in scope case and rebuttal briefs,⁸ and we received such comments, which we addressed in the Final Scope Decision Memorandum.⁹

On November 6, 2020, we issued a memorandum providing parties an opportunity to comment on the overlap in the scopes of this and the concurrent CVD investigation on small vertical engines and that of the antidumping duty (AD) and CVD investigations on certain walk-behind lawn mowers and parts thereof (lawn mowers).¹⁰ After analyzing interested parties' comments, we modified the scope of the lawn mowers investigations to address the overlap.¹¹ We have not made any changes to the scope of this and the concurrent CVD investigation from that published in the *Preliminary Determination*. See Appendix I to this notice.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix II.

⁷ See *Preliminary Determination*, 85 FR at 52087; see also Memorandum, "Antidumping and Countervailing Duty Investigations of Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof from the People's Republic of China: Scope Comments Decision Memorandum for the Preliminary Determination," dated August 17, 2020 (Preliminary Scope Decision Memorandum).

⁸ See Preliminary Scope Decision Memorandum.

⁹ See Memorandum, "Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof from the People's Republic of China: Scope Comments Decision Memorandum for the Final Determination," dated concurrently with, and hereby adopted by, this notice (Final Scope Decision Memorandum).

¹⁰ See Memorandum, "Antidumping and Countervailing Duty Investigations of Certain Vertical Shaft Engines between 99cc and up to 225cc, and Parts Thereof from the People's Republic of China; Antidumping and Countervailing Duty Investigations of Certain Walk-Behind Lawn Mowers and Parts Thereof from the People's Republic of China; and Antidumping Duty Investigation of Certain Walk-Behind Lawn Mowers from the Socialist Republic of Vietnam," dated November 6, 2020.

¹¹ See Memorandum, "Less-Than-Fair-Value Investigation of Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: Preliminary Scope Decision Memorandum in the Antidumping and Countervailing Duty Investigations of Certain Walk-Behind Lawn Mowers, and Parts Thereof, from the People's Republic of China and the Socialist Republic of Vietnam," dated January 7, 2021 (containing Memorandum, "Antidumping and Countervailing Duty Investigations of Lawn Mowers from the People's Republic of China and the Socialist Republic of Vietnam: Preliminary Scope Decision Memorandum," dated December 22, 2020).

Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of an on-site verification to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Tariff Act of 1930, as amended (the Act).¹²

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, we made no changes to the AD margin calculations for Chongqing Kohler or the Zongshen Companies.

Final Affirmative Determination of Critical Circumstances

We continue to find that critical circumstances exist for imports of small vertical engines from China for the Zongshen Companies and the China-wide entity pursuant to sections 735(a)(3)(A) and (B) of the Act and 19 CFR 351.206.¹³

China-Wide Entity and the Use of Adverse Facts Available

For the reasons explained in the *Preliminary Determination*, we continue to find that the use of adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act, is warranted in determining the rate for the China-wide entity.¹⁴ In selecting the AFA rate for the China-wide entity, Commerce's practice is to select a rate that is sufficiently adverse to ensure that the uncooperative party does not obtain a more favorable result by failing to cooperate than if it had fully cooperated.¹⁵ As AFA, we assigned the China-wide entity a dumping margin of 541.75 percent, which is the highest rate contained in the Petition of this investigation.¹⁶ Because this

¹² See Commerce's Letter, "Certain Vertical Shaft Engines Between 99cc and Up To 225cc, and Parts Thereof, from the People's Republic of China: The Zongshen Companies Verification Questionnaire," dated December 29, 2020, with attached questionnaire in lieu of on-site verification; and Zongshen Companies' Letter, "Certain Vertical Shaft Engines Between 99 cc {sic} and Up To 225cc, and Parts Thereof, from China; AD Investigation; Zongshen Resubmission of Verification Questionnaire Response," dated January 15, 2021.

¹³ See Issues and Decision Memorandum at 10-12 and Comment 1.

¹⁴ The China-wide entity includes those companies who did not submit a separate rate application.

¹⁵ See, e.g., *Notice of Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Purified Carboxymethyl Cellulose from Finland*, 69 FR 77216 (December 27, 2004), unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Purified Carboxymethyl Cellulose from Finland*, 70 FR 28279 (May 17, 2005).

¹⁶ See *Initiation Notice*, 85 FR at 20673.

constitutes secondary information, the statutory corroboration requirement in section 776(c) of the Act applies. We corroborated this rate by comparing it to the highest transaction-specific dumping margins of the respondents and found that the Zongshen Companies' highest calculated, non-outlier, transaction-specific dumping margin exceeds the highest petition rate.¹⁷

Separate Rates

For the final determination, we continue to find that Chongqing Kohler, the Zongshen Companies, and certain non-individually examined respondents are eligible for separate rates. In addition, we have determined that Loncin Motor Co., Ltd. is eligible for a separate rate.¹⁸ Generally, Commerce looks to section 735(c)(5)(A) of the Act, which provides instructions for calculating the all-others rate in an investigation, for guidance when calculating the rate for separate rate respondents that we did not individually examine. Section 735(c)(5)(A) of the Act states that the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding zero or *de minimis* margins, and any margins determined entirely under section 776 of Act.¹⁹ In this proceeding, Commerce calculated above *de minimis* rates that are not based entirely on facts available for Chongqing Kohler and the Zongshen Companies, the two mandatory respondents under individual examination. Thus, looking to section 735(c)(5)(A) of the Act for guidance, and consistent with our practice,²⁰ based on publicly ranged sales data, we assigned the weighted-average of these mandatory respondents' rates as the rate for non-individually examined companies that have qualified for a separate rate.

¹⁷ See *Preliminary Determination PDM* at 19-20.

¹⁸ See *Issues and Decision Memorandum* at 8 and Comment 10.

¹⁹ See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews and Rescission of Reviews in Part*, 73 FR 52823, 52824 (September 11, 2008), and accompanying *Issues and Decision Memorandum* at Comment 16.

²⁰ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 71 FR 77373, 77377 (December 26, 2006), unchanged in *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 19690 (April 19, 2007).

Combination Rates

In the *Initiation Notice*,²¹ Commerce stated that it would calculate producer/exporter combination rates for the respondents that are eligible for a separate rate in this investigation. For a list of the respondents that established eligibility for their own separate rates and the exporter/producer combination rates applicable to these respondents, *see* Appendix III.

Final Determination

The final estimated weighted-average dumping margins are as follows:

Producer	Exporter	Estimated Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offsets) (percent)
Chongqing Kohler Engines Ltd.	Chongqing Kohler Engines Ltd.	374.31	374.31
Chongqing Zongshen General Power Machine Co., Ltd./Chongqing Dajiang Power Equipment Co., Ltd./Chongqing Zongshen Power Machinery Co., Ltd.	Chongqing Zongshen General Power Machine Co., Ltd./Chongqing Dajiang Power Equipment Co., Ltd./Chongqing Zongshen Power Machinery Co., Ltd.	316.88	304.35
Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	342.88	336.61
China-Wide Entity		541.75	535.48

Disclosure

Normally, Commerce discloses to interested parties the calculations performed in connection with a final determination, in accordance with 19 CFR 351.224(b). However, because Commerce made no changes to its *Preliminary Determination* margin calculations for the mandatory respondents in this investigation, there are no calculations to disclose.

²¹ *See Initiation Notice*, 85 FR at 20674.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, Commerce will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of small vertical engines from Chongqing Kohler and the Zongshen Companies, the separate rates companies, and the China-wide entity.

To determine the cash deposit rate, Commerce normally adjusts the estimated weighted-average dumping margin by the amount of domestic subsidy pass-through and export subsidies determined in a companion CVD proceeding when CVD provisional measures are in effect. Accordingly, where Commerce makes an affirmative determination for domestic subsidy pass-through or export subsidies, Commerce offsets the calculated estimated weighted-average dumping margin by the appropriate rate(s). In this case, we have made a negative determination for domestic subsidy pass-through for all respondents, but we have found export subsidies for all respondents. However, suspension of liquidation for provisional measures in the companion CVD case has been discontinued; therefore, we are not instructing CBP to collect cash deposits based upon the adjusted estimated weighted-average dumping margin for those export subsidies at this time.

Pursuant to section 735(c)(1)(B)(ii) of the Act, upon the publication of this notice, Commerce will instruct CBP to require a cash deposit equal to the weighted-average amount by which NV exceeds U.S. price as follows: (1) the cash deposit rate for the exporter/producer combination listed in the table above or in Appendix III will be the rate identified for that combination in that table or Appendix III; (2) for all combinations of exporters/producers of merchandise under consideration that have not received their own separate rate, the cash deposit rate will be the cash deposit rate established for the China-wide entity; and (3) for all non-Chinese exporters of the merchandise under consideration which have not received their own separate rate, the cash deposit rate will be the cash deposit rate applicable to the Chinese

exporter/producer combination that supplied that non-Chinese exporter. These suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission (ITC) of our determination. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of small vertical engines from China no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue an AD order directing CBP to assess, upon further instruction by Commerce, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the “Continuation of Suspension of Liquidation” section.

Notification Regarding Administrative Protective Orders

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act, and 19 CFR 351.210(c).

Dated: March 5, 2021.

Christian Marsh,
Acting Assistant Secretary
for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation consists of spark-ignited, non-road, vertical shaft engines, whether finished or unfinished, whether assembled or unassembled, whether mounted or unmounted, primarily for walk-behind lawn mowers. Engines meeting this physical description may also be for other non-hand-held outdoor power equipment, including but not limited to, pressure washers. The subject engines are spark ignition, single-cylinder, air cooled, internal combustion engines with vertical power take off shafts with a minimum displacement of 99 cubic centimeters (cc) and a maximum displacement of up to, but not including, 225cc. Typically, engines with displacements of this size generate gross power of between 1.95 kilowatts (kw) to 4.75 kw.

Engines covered by this scope normally must comply with and be certified under Environmental Protection Agency (EPA) air pollution controls title 40, chapter I, subchapter U, part 1054 of the Code of Federal Regulations standards for small non-road spark-ignition engines and equipment. Engines that otherwise meet the physical description of the scope but are not certified under 40 CFR part 1054 and are not certified under other parts of subchapter U of the EPA air pollution controls are not excluded from the scope of this proceeding. Engines that may be certified under both 40 CFR part 1054 as well as other parts of subchapter U remain subject to the scope of this proceeding.

Certain small vertical shaft engines, whether or not mounted on non-hand-held outdoor power equipment, including but not limited to walk-behind lawn mowers and pressure washers, are included in the scope. However, if a subject engine is imported mounted on such equipment, only the engine is covered by the scope. Subject merchandise includes certain small vertical shaft engines produced in the subject country whether mounted on outdoor power equipment in the subject country or in a third country. Subject engines are covered whether or not they are accompanied by other parts.

For purposes of this investigation, an unfinished engine covers at a minimum a sub-assembly comprised of, but not limited to, the following components: crankcase, crankshaft, camshaft, piston(s), and connecting rod(s). Importation of these components together, whether assembled or unassembled, and whether or not accompanied by additional components such as a sump, carburetor spacer, cylinder head(s), valve train, or valve cover(s), constitutes an unfinished engine for purposes of this investigation. The inclusion of other products such as spark plugs fitted into the cylinder head or electrical devices (*e.g.*, ignition coils) for synchronizing with the engine to supply tension current does not remove the product from the scope. The inclusion of any other components not identified as comprising the unfinished engine subassembly in a third country does not remove the engine from the scope.

Specifically excluded from the scope of this investigation are “Commercial” or “Heavy Commercial” engines under 40 C.F.R. §§ 1054.107 and 1054.135 that have (1) a displacement of 160 cc or greater, (2) a cast iron cylinder liner, (3) an automatic compression release, and (4) a muffler with at least three chambers and volume greater than 400 cc.

The engines subject to this investigation are predominantly classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 8407.90.1010. The engine subassemblies that are subject to this investigation enter under HTSUS 8409.91.9990. The mounted engines that are subject to this investigation enter under HTSUS 8433.11.0050, 8433.11.0060, and 8424.30.9000. Engines subject to this investigation may also enter under HTSUS 8407.90.1020,

8407.90.9040, and 8407.90.9060. The HTSUS subheadings are provided for convenience and customs purposes only, and the written description of the merchandise under investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Use of Adverse Facts Available
- V. Changes Since the Preliminary Determination
- VI. Adjustment Under Section 777A(f) of the Act
- VII. Adjustments to Cash Deposit Rates for Export Subsidies
- VIII. Affirmative Determination of Critical Circumstances
- IX. Discussion of the Issues
 - Comment 1: Critical Circumstances
 - Comment 2: Whether to Eliminate the Gap Period in the Event of an Affirmative Finding of Material Injury by the U.S. International Trade Commission
 - Comment 3: Surrogate Value for Flywheels
 - Comment 4: Use of Turkish HTS 8409.91.00.00.19
 - Comment 5: Surrogate Value for Governor Gear and Other Inputs
 - Comment 6: Calculation of the Surrogate Manufacturing Overhead Financial Ratio
 - Comment 7: How to Value Non-Subject Components of the Zongshen Companies' Mounted Engines
 - Comment 8: Whether to Grant the Zongshen Companies a By-Product Offset
 - Comment 9: Whether to Grant the Zongshen Companies a Double Remedies Offset for Certain Domestic Subsidies
 - Comment 10: Whether to Grant Loncin Motor Co., Ltd. a Separate Rate
- X. Recommendation

Appendix III

Separate Rate Companies

Exporter	Producer
Non-Individually-Examined Exporters Receiving Separate Rates	Producers Supplying the Non-Individually- Examined Exporters Receiving Separate Rates
Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.	Changzhou Kawasaki and Kwang Yang Engine Co., Ltd.
Chongqing Chen Hui Electric Machinery Co., Ltd.	CHONGQING AM PRIDE POWER & MACHINERY CO., LTD.
Chongqing Chen Hui Electric Machinery Co., Ltd.	Chongqing Kohler Motors Co., Ltd.
Chongqing HWASDAN Power Technology Co., Ltd.	Chongqing HWASDAN Power Technology Co., Ltd.
Chongqing Rato Technology Co., Ltd.	Chongqing Rato Technology Co., Ltd.
CHONGQING SENCI IMPORT&EXPORT TRADE CO., LTD.	CHONGQING AM PRIDE POWER & MACHINERY CO., LTD.
CHONGQING SENCI IMPORT&EXPORT TRADE CO., LTD.	Chongqing Zongshen General Power Machines Co., Ltd.
Jialing-Honda Motors Co., Ltd.	Jialing-Honda Motors Co., Ltd.
Loncin Motor Co., Ltd.	Loncin Motor Co., Ltd.
Wenling Qianjiang Imp. & Exp. Co., Ltd.	Chongqing Rato Technology Co., Ltd
Wenling Qianjiang Imp. & Exp. Co., Ltd.	QIANJIANG GROUP WENLING JENNFENG INDUSTRY INC.
Zhejiang Amerisun Technology Co., Ltd.	CHONGQING DINKING POWER MACHINERY CO., LTD.
Zhejiang Amerisun Technology Co., Ltd.	Chongqing Rato Technology Co., Ltd.
Zhejiang Amerisun Technology Co., Ltd.	LONCIN MOTOR CO., LTD.
Zhejiang Amerisun Technology Co., Ltd.	Zhejiang Dobest Power Tools Co., Ltd.

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